



CONNECTICUT
STATE TREASURER
SHAWN T. WOODEN



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**TREASURER SHAWN WOODEN, LOCAL AND FEDERAL LEADERS CALL ON THE LEGISLATURE TO
COMBAT THE GROWING RACIAL WEALTH GAP BY PASSING
CONNECTICUT “BABY BONDS” BILL, ENDORSED BY U.S. SENATOR BLUMENTHAL,
U.S. SENATOR BOOKER, AND CONGRESSWOMAN DELAURO**

*BABY BONDS LEGISLATION WILL BREAK GENERATIONAL CYCLES OF POVERTY WHILE
BENEFITING CONNECTICUT’S ECONOMY*

Hartford, CT – Today, March 25, 2021, State Treasurer Shawn T. Wooden joins state officials, community leaders, clergy members and advocates of children, championing support of his CT Baby Bonds proposal. House Bill 6659, An Act Concerning the Establishment of the Connecticut Baby Bonds Trust, addresses long-standing economic and race-based wealth disparities by investing directly in children born into poverty to boost Connecticut’s economy. The bill is being heard in front of the Appropriations Committee tomorrow, March 26 at 11:00AM.

“One of the most effective ways to narrow the racial wealth gap and break the cycle of poverty is for the State to establish saving accounts that directly invest in children born into poverty,” **said State Treasurer Shawn Wooden**. “By taking bold action now, we can change the life trajectories of thousands of Connecticut residents while also enhancing the economic trajectory of our State.”

The CT Baby Bonds program would provide every Connecticut resident born on or after January 1, 2022, and whose birth was covered by HUSKY Health a savings account held by the State in which \$5,000 is allocated at birth. Over 18 years, the funds would be managed and invested by the Office of the Treasurer. After a participant reaches the age of 18 or older, the funds can be used solely towards the purchase of a home in Connecticut, to invest in a business in Connecticut, for educational purposes or to contribute towards a retirement savings program. Assuming a 6.9% rate of return, which is what the State uses for investment of pension funds, the beneficiary is projected to have an account worth a total of at least \$16,618 when the funds are claimed. Beneficiaries will have up until their 30th birthday to apply to claim the funds. By giving young people resources to seek higher education, become entrepreneurs, own homes, and raise their families here in Connecticut, we are investing in the future of local communities as well as Connecticut’s economy.

“I am proud to support the efforts underway to address income inequality through the issuance of Baby Bonds” **said Senator Richard Blumenthal** “If we are going to reduce our nation’s wealth gap, we must start at birth providing future generations with the solid financial footing to achieve their educational, business, or homeownership goals. I look forward to fighting for this groundbreaking proposal at the federal level and am pleased to see Treasurer Wooden undertaking similar efforts in Connecticut.”

The Baby Bonds program was inspired by the American Opportunity Accounts Act, a bill introduced by U.S. Senator Cory Booker (D-N.J.) and Congresswoman Ayanna Pressley (D-Mass.) in 2020, and reintroduced in February.

“Extreme and persistent wealth inequality deprives kids of economic opportunity right out of the gate,” **said Senator Cory Booker**. “That’s why I introduced the American Opportunity Accounts Act, to give every child the chance to make the types of investments that create transformative change in their lives. I applaud Connecticut State Treasurer Shawn Wooden for introducing this legislation to build a foundation for wealth-building and opportunity for his constituents.”

Access to generational wealth is important because it cushions families against emergencies and gives them the means to move up the economic ladder. According to a 2019 [report](#) by the Federal Reserve, the typical white family has five times the wealth as the typical Hispanic family and eight times the wealth as the typical Black family. When it comes to Connecticut, systemic discriminatory practices in education, housing, and employment have perpetuated inequities for decades and have directly contributed to the racial wealth gap.

"As an anti-poverty champion who fought tirelessly to expand the Child Tax Credit through the passage of the American Rescue Plan and as a proud cosponsor of the American Opportunity Accounts Act which would establish a national baby bonds program, I am grateful to see State Treasurer Shawn Wooden champion Baby Bonds here in Connecticut," **said Congresswoman Rosa DeLauro**. "By investing directly in children, Connecticut will not only help break the cycle of poverty for generations to come but can be seen as a beacon of hope and a national leader in the fight to reduce the racial wealth gap."

Closing the racial wealth gap would not just help generations of children born into poverty, it’s in the best interest of Connecticut’s economy. Studies done by [McKinsey](#) and [Citi Group](#) have shown that failure to close the racial wealth gap will cost the U.S. economy between \$1 and \$1.5 trillion, or 4-6% of the GDP. A 2019 Columbia University [study](#) illustrates that by enacting Baby Bonds, we can nearly eliminate the racial wealth gap for young adults all together.

“Baby Bonds are a long-term investment in our state’s economy,” **said Treasurer Shawn Wooden**. “This bill is the type of forward-thinking, long-term and solution-oriented legislation that our state needs to address growing inequities that deny far too many people an opportunity to thrive.”

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About the Office of the State Treasurer

Under the leadership of Connecticut’s State Treasurer Shawn T. Wooden, the Office of the Treasurer is dedicated to safeguarding the state’s financial resources and taxpayers’ dollars, while maximizing returns and minimizing risks and operating at the highest professional and ethical standards. Through investments and disbursements, the Office continues to enhance the state’s fiscal stability, financial literacy, college and disability savings, and its approach to leveraging business partnerships to combat social issues such as gun violence, climate change, and equal opportunity in economic growth. Learn more about the Office of the Treasurer [here](#) and follow along on [Facebook](#), [Instagram](#) and [Twitter](#).

